

EDDIE BAZA CALVO
Governor



Office of the Governor of Guam

RAY TENORIO
Lieutenant Governor

32-13-965
Office of the speaker
Judith T. Won Pat, Ed. D.

Date: 11/8/13
Time: 2:14 pm
Received by: [Signature]

NOV 08 2013

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Dos Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Dear Madame Speaker:

Transmitted herewith is Bill No. 181-32 (COR) "AN ACT TO AMEND SECTION 2 OF PUBLIC LAW 30-145, WHICH AMENDED SECTION 4 OF PUBLIC LAW 28-71, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF GUAM WATERWORKS AUTHORITY REVENUE BONDS, TO INCREASE THE AMOUNT OF THE BONDS THAT THE GUAM WATERWORKS AUTHORITY IS AUTHORIZED TO ISSUE, AND TO APPROVE THE TERMS AND CONDITIONS OF GUAM WATERWORKS AUTHORITY REVENUE BONDS TO REFINANCE CERTAIN GUAM WATERWORKS AUTHORITY REVENUE BONDS" which I signed into law on November 7, 2013 as Public Law 32-069.

Senseramente,


EDDIE BAZA CALVO

2013 NOV - 8 PM 2: 41 [Signature]

965



I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that **Bill No. 181-32 (COR), "AN ACT TO AMEND SECTION 2 OF PUBLIC LAW 30-145, WHICH AMENDED SECTION 4 OF PUBLIC LAW 28-71, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF GUAM WATERWORKS AUTHORITY REVENUE BONDS, TO INCREASE THE AMOUNT OF THE BONDS THAT THE GUAM WATERWORKS AUTHORITY IS AUTHORIZED TO ISSUE, AND TO APPROVE THE TERMS AND CONDITIONS OF GUAM WATERWORKS AUTHORITY REVENUE BONDS TO REFINANCE CERTAIN GUAM WATERWORKS AUTHORITY REVENUE BONDS"**, was on the 5th day of November 2013, duly and regularly passed.



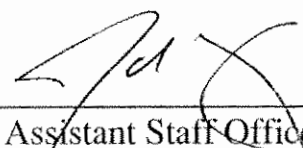
Judith T. Won Pat, Ed.D.
Speaker

Attested:



Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 5 day of NOV, 2013,
at 7:20 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



EDWARD J.B. CALVO
I Maga'lahaen Guåhan

Date: NOV 07 2013

Public Law No. 32-069

I MINA'TRENTAI DOS LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

Bill No. 181-32 (COR)

As amended in the Committee of the Whole.

Introduced by:

T. C. Ada
R. J. Respicio
V. Anthony Ada
FRANK B. AGUON, JR.
B. J.F. Cruz
Chris M. Dueñas
Michael T. Lintiaco
Brant T. McCreadie
Tommy Morrison
T. R. Muña Barnes
Vicente (ben) C. Pangelinan
Dennis G. Rodriguez, Jr.
Michael F. Q. San Nicolas
Aline A. Yamashita, Ph.D.
Jndith T. Won Pat, Ed.D.

AN ACT TO AMEND SECTION 2 OF PUBLIC LAW 30-145, WHICH AMENDED SECTION 4 OF PUBLIC LAW 28-71, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF GUAM WATERWORKS AUTHORITY REVENUE BONDS, TO INCREASE THE AMOUNT OF THE BONDS THAT THE GUAM WATERWORKS AUTHORITY IS AUTHORIZED TO ISSUE, AND TO APPROVE THE TERMS AND CONDITIONS OF GUAM WATERWORKS AUTHORITY REVENUE BONDS TO REFINANCE CERTAIN GUAM WATERWORKS AUTHORITY REVENUE BONDS.

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the United States District Court of Guam Civil Case No. 02-00035, November

1 10, 2011 Order outlines the corrective actions and other necessary capital projects
2 that the Guam Waterworks Authority (Authority) *shall* continue to undertake.
3 Since the original 2003 Court Order, the Authority has borrowed \$220,000,000 to
4 begin to bring the GWA system into compliance with federal Clean Water and
5 Safe Drinking Water laws.

6 *I Liheslatura* further finds that in order for the Authority to be able to
7 finance the projects required in the timelines prescribed in the United States
8 District Court of Guam Civil Case No. 02-00035, November 10, 2011 Order, the
9 Authority must be authorized to issue an additional Four Hundred Fifty Million
10 Dollars (\$450,000,000) in bonds. The loans would be used to fund the following:

- 11 • bring all three southern wastewater treatment plants in Agat, Umatac and
12 Baza Gardens into compliance with their secondary treatment permits at an
13 estimated cost of 111 Million Dollars by 2018;
- 14 • repair or rebuild all GWA water storage tanks island-wide at an estimated
15 cost of 153.4 Million Dollars by 2021;
- 16 • invest 48.5 Million Dollars for water distribution projects island-wide to
17 begin replacing badly leaking water lines, improve pressure with booster
18 pump upgrades and refurbishing or drilling new wells;
- 19 • fund 39.4 Million Dollars for systems analysis and monitoring and
20 technology upgrades for better system management and energy savings; and
21 • to minimize ratepayer impact and allow for gradual rate increases spread out
22 over five to seven years, an additional amount of 108 Million Dollars is
23 required to fund two years of capitalized interest plus a debt service reserve
24 for each bond borrowing.

25 These bond issuances, in one or more series, *shall* be issued subject to the
26 approval of the Guam Consolidated Commission on Utilities (CCU), the Guam

1 Public Utilities Commission (PUC), and the Board of Directors of the Guam
2 Economic Development Authority (GEDA).

3 *I Liheslatura* further finds that the Authority anticipates that opportunities
4 may arise to refinance all or a portion of its outstanding Series 2005 and Series
5 2010 revenue bonds for debt service savings, which is expected to result in savings
6 to ratepayers. In order to benefit ratepayers and comply with the Federal Court
7 Order, *I Liheslaturan Guåhan* has determined that the issuance of revenue bonds
8 by the Authority for such purpose, subject to approval by the CCU, the PUC, and
9 the Board of Directors of GEDA, would be prudent.

10 *I Liheslatura* finally finds that a 2010 rider, inserted during legislative
11 session, required GWA ratepayers to pay back 20 Million Dollars to the General
12 Fund for a loan that was fully paid off in December 2010, causing an unnecessary
13 burden on ratepayers. Consequently, the rider was interpreted by the PUC in 2012
14 to require an 18% rate increase that ratepayers would re-pay over an 18-month
15 period. GWA filed, in Superior Court, its objection to the PUC order and
16 successfully obtained a stay from transferring 18 Million Dollars to the General
17 Fund. Notwithstanding, the provision still remains in Guam law and needs to be
18 repealed to make it clear that this is no longer a requirement to be placed upon
19 GWA's ratepayers. *I Liheslatura* finds that adding another 20 Million Dollars rate
20 increase onto GWA ratepayers is *not* in the public interest.

21 **Section 2. Amendment to Section 2 of Public Law 30-145.** Section 2 of
22 Public Law 30-145 is hereby *amended* to read as follows:

23 “**Section 2.** Section 4 of Public Law 28-71 is hereby *amended* to
24 read:

25 “**Section 4. Approval of Guam Waterworks Authority Revenue**
26 **Bonds.**

1 (a) The Guam Legislature, *I Liheslaturan Guåhan*, pursuant
2 to §50103 of Title 12 of the Guam Code Annotated, hereby approves
3 the issuance and sale by the Authority of revenue bonds pursuant to
4 Article 2, Chapter 14, Title 12, Guam Code Annotated (the “Act”) in
5 one or more series or issues; provided that the issuance, terms and
6 conditions of the bonds *shall* have been approved by the Guam Public
7 Utilities Commission, and further provided that such bonds shall have
8 a principal amount *not to exceed* Six Hundred Seventy Million Dollars
9 (\$670,000,000), *shall* have a final maturity not later than 2055, *shall*
10 bear interest at such rate or rates and *shall* be sold for such price or
11 prices as *shall* result in a net yield to the bondholders *not exceeding*
12 seven and one-half percent (7.5%) per annum, *shall* be issued and sold
13 in the manner, for the purposes and subject to the requirements and
14 limitations provided in Article 2, Chapter 14, Title 12, Guam Code
15 Annotated, and *shall* be issued pursuant to an Indenture in
16 substantially the form as attached to this Act as Exhibit A. In order to
17 be able to take advantage of a federally subsidized bond program, net
18 yield to the bondholders *shall* be calculated by subtracting any interest
19 subsidy amounts to be received from the United States in connection
20 with such bonds from the amount of interest to be paid to
21 bondholders.”

22 **Section 3. Approval of Guam Waterworks Authority Refinancing**
23 **Bonds.**

24 *I Liheslaturan Guåhan*, pursuant to §50103 of Title 12 of the Guam Code
25 Annotated, hereby approves the issuance and sale by Guam Waterworks Authority
26 of fixed rate revenue bonds in one or more series or issues to refinance the
27 outstanding revenue bonds of the Authority pursuant to §14226 of Article 2,

1 Chapter 14, Title 12, Guam Code Annotated; provided, that the issuance, terms and
2 conditions of the refinancing bonds *shall* have been approved by the Guam Public
3 Utilities Commission and the Guam Consolidated Commission on Utilities, and
4 that the sale of the bonds *shall* be approved by the Board of Directors of GEDA;
5 and further provided, that such refinancing bonds *shall* have a principal amount
6 sufficient to provide funds for the payment of all bonds to be refinanced thereby
7 (the “prior bonds”), and in addition for the payment of all expenses incident to the
8 calling, retiring or paying of such prior bonds and the issuance of such refinancing
9 bonds, including:

10 (a) the difference in amount between the par value of the
11 refinancing bonds and any amount less than par for which the refinancing
12 bonds are sold;

13 (b) any amount necessary to be made available for the payment of
14 interest upon such refinancing bonds from the date of sale thereof to the date
15 of payment of the prior bonds or to the date upon which the prior bonds will
16 be paid pursuant to the call thereof or agreement with the holders thereof;

17 (c) the premium, if any, necessary to be paid in order to call or
18 retire the prior bonds and the interest accruing thereon to the date of the call
19 or retirement; and

20 (d) any additional amount needed to provide for a deposit to the
21 debt service reserve in connection with the issuance of the refinancing
22 bonds.

23 And further provided that such refinancing bonds *shall* have a final maturity
24 *not later than* the final maturity of the prior bonds; that such refinancing bonds
25 *shall* be issued and sold pursuant to the Authority’s existing bond indenture and in
26 compliance with the provisions of Chapter 14 of Title 12 of the Guam Code
27 Annotated; and that the present value of debt service on the refinancing bonds *shall*

1 be *at least* two percent (2%) less than the present value of debt service on the
2 bonds being refinanced, using the yield on the refinancing bonds as the discount
3 rate; and further provided that all obligation of the Authority to pay debt service
4 on, and the redemption price of, the prior bonds *shall* be discharged concurrently
5 with the issuance of the refinancing bonds; and thereafter, the prior bonds *shall* be
6 payable solely from and secured solely by an escrow established for such purpose
7 in accordance with the Authority's existing bond indenture

8 **Section 4. Severability.** If any of the provisions of this law or its
9 application to any person or circumstance is found to be invalid or contrary to law,
10 such invalidity shall not affect other provisions or applications of this law which
11 can be given effect without the invalid provisions or application, and to this end the
12 provisions of this law are severable.